

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

GOVERNING BOARD MEETING

VIA TELEPHONE AND WEB LINK

October 8, 2020
9:06 a.m.

MEMBERS:

LESLIE BINGHAM, Vice Chair
PAUL A. BRADEN, Member
SUSAN THOMASON, Member
LEO VASQUEZ, Member

BOBBY WILKINSON, Executive Director

I N D E X

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ROLL CALL	
CERTIFICATION OF QUORUM	
CONSENT AGENDA	
ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:	7
EXECUTIVE	
a) Presentation, discussion, and possible action on Board meeting minutes summaries for July 23, 2020 and September 3, 2020	
ASSET MANAGEMENT	
b) Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement	
98005 Falcon Pointe Apartments Rosenberg	
98050 Las Villas de Leon San Antonio	
98067 Asbury Place Apartments San Marcos	
99177 Park at Clear Creek Hempstead	
00003 The Villas of Greenville Greenville	
00027 Rosemont at Arlington Park Dallas	
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d) Presentation, discussion, and possible action regarding Awards of Direct Loan funds from the 2020-1 Multifamily Direct Loan Notice of Funding	

Availability

20505 Roosevelt Gardens Austin

- e) Presentation, discussion, and possible action regarding a Material Amendment of the Housing Tax Credit Application for La Grange Springs (HTC #20273)

LEGAL

- f) Presentation, discussion, and possible action regarding the adoption of two Agreed Final Orders concerning related properties Sycamore Center Villas (CMTS 3283 / HTC02484) and Rosemont at Arlington Park (CMTS 64 / HTC 00027)

BOND FINANCE

- g) Presentation, discussion, and possible action on Inducement Resolution No. 21-003 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority

21600 Corona del Valle El Paso
20630 Caroline Lofts Houston

- h) Presentation, discussion, and possible action regarding an increase in authorization for the Taxable Mortgage Purchase Program
- i) Presentation, discussion, and possible action on Resolution No. 21-004 authorizing request to the Texas Bond Review Board for annual waiver of Single Family Mortgage Revenue Bond set-aside requirements; authorizing the execution of documents and instruments relating thereto; making certain findings and determinations in connection therewith; and containing other provisions relating to the subject
- j) Presentation, discussion, and possible action regarding Resolution No. 21-005 authorizing the implementation of Texas Department of Housing and Community Affairs Mortgage Credit Certificate Program 96, approving the form and substance of the program manual and the program summary, authorizing the execution of documents and instruments necessary or convenient to carry out Mortgage Credit Certificate Program 96, and containing other provisions relating to the subject
- k) Presentation, discussion, and possible action on Resolution No. 21-006 authorizing the filing of one or more applications for reservation with the

Texas Bond Review Board with respect to qualified mortgage bonds and containing other provisions relating to the subject

- l) Presentation, discussion, and possible action to authorize the issuance of the 2021 HOME Investment Partnerships Program Single Family General Set-Aside Notice of Funding Availability and publication of the NOFA in the *Texas Register*
- m) Presentation, discussion, and possible action to authorize the issuance of the 2021 HOME Investment Partnerships Program Single Family Persons with Disabilities Set-Aside Notice of Funding Availability and publication of the NOFA in the *Texas Register*
- n) Presentation, discussion, and possible action to authorize the issuance of the 2021 HOME Investment Partnerships Program Single Family Contract for Deed Set-Aside Notice of Funding Availability and publication of the NOFA in the *Texas Register*

RULES

- o) Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 1, §1.21, Action by Department if Outstanding Balances Exist; an order adopting new 10 TAC Chapter 1, §1.21, Action by Department if Outstanding Balances Exist; and directing their publication for adoption in the *Texas Register*

SECTION 811

- p) Presentation, discussion, and possible action regarding an adjustment to contract #332-21-5201, TRACS Processing Services with Blueprint Housing Solutions
- q) Presentation, discussion, and possible action authorizing the Department to implement occupancy preferences in the Section 811 Project Rental Assistance Program

COMMUNITY AFFAIRS

- r) Presentation, discussion and possible action on the programming of Housing Choice Voucher Program Administrative funds available to Texas through the Coronavirus Aid, Relief, and Economic Security Act and authorization to proceed with said programmed activities.

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

7

- a) Outreach and Activities Report (September-October)
- b) Report on Activities Related to the Department's Response to COVID-19 Pandemic

ACTION ITEMS

ITEM 3: PROGRAMS	7
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P R O C E E D I N G S

1
2 MS. BINGHAM: Good morning. Welcome to the
3 October meeting of the Governing Board of the Texas
4 Department of Housing and Community Affairs. And for those
5 of you that have video feed, we know that it is October
6 because of Mr. Vasquez's attire today. Go Astros.

7 I'm Leslie Bingham. I'm the vice chair, I'll be
8 chairing the meeting today.

9 We'll call the meeting to order and do roll
10 call. We can see the Board members present but for
11 purposes of the record. Mr. Braden?

12 MR. VASQUEZ: Here.

13 MS. BINGHAM: Ms. Thomason?

14 MS. THOMASON: Here.

15 MS. BINGHAM: Mr. Vasquez?

16 MR. VASQUEZ: Here. Go Astros.

17 MS. BINGHAM: So that does certify quorum today.
18 Bobby, would you lead us in the pledge?

19 MR. WILKINSON: Yes, ma'am.

20 (The Pledge of Allegiance and the Texas
21 Allegiance were recited.)

22 MS. BINGHAM: Thanks, Bobby.

23 All right. We'll move to the consent agenda.
24 Are there any items that need to be pulled to action or any
25 items that need to be tabled? Do the Board members have

1 any items that need to be either tabled or moved to the
2 action item list?

3 (No response.)

4 MS. BINGHAM: And I don't think staff does
5 either, so we'll entertain a motion on the consent agenda.

6 MR. VASQUEZ: Move to approve.

7 MS. BINGHAM: Mr. Braden makes the motion to
8 approve the consent agenda.

9 MS. THOMASON: Second.

10 MS. BINGHAM: Ms. Thomason seconds.

11 All those in favor aye.

12 (A chorus of ayes.)

13 MS. BINGHAM: Opposed?

14 (No response.)

15 MS. BINGHAM: Great. Motion carries.

16 Action items, we'll move to item 3, Brooke
17 Boston.

18 Hi, Brooke.

19 MS. BOSTON: Can you guys hear me?

20 MS. BINGHAM: Yes.

21 MS. BOSTON: Excellent. Thank you, Ms. Bingham
22 and Board members.

23 I'm excited to be presenting this first action
24 item to you today, agenda item number 3. This item
25 represents several important steps with critical CARES Act

1 funds. The CARES Act was signed into law on March 27,
2 2020, to prevent, prepare for and respond to COVID-19.

3 As you know, the CARES Act channeled large
4 amounts of funds through existing federal programs. Among
5 the programs that received increased funding through the
6 CARES Act were the Emergency Solutions Grant Program, ESG,
7 which TDHCA already administered; and the Community
8 Development Block Grant Program, CDBG.

9 The CDBG Program is not typically administered
10 by TDHCA, but in this case Governor Abbott has designated
11 the Department to be the recipient of all of the CDBG CARES
12 Act funds awarded to the State of Texas.

13 On April 2, HUD announced the allocation amounts
14 for the first tranches of both ESG in the amount of \$33.2
15 million and CDBG in the amount of approximately \$40
16 million. Later that month, on April 23, you the Board
17 heard items on both of those programs.

18 For ESG that Board action you took in April
19 approved the programming of that first tranche of funds and
20 the award of some of the funds that could be made to
21 existing subrecipients. The remainder of funds were made
22 available through local competitive processes, and on July
23 23 the Board awarded the remainder of that first tranche of
24 ESG, so those funds are all now out and committed.

25 For CDBG the action in April originally was

1 intended to be for the programming and possible plan
2 amendment to HUD but the item ultimately did not include
3 the HUD amendment as further discussion and planning were
4 still warranted.

5 Since that time, HUD has announced the second
6 and final allocation of ESG for \$64.5 million and the
7 second and third allocation of CDBG, and the total of all
8 CDBG CARES funds now totals \$141.8 million. So today we
9 have action before you relating to the second allocation of
10 ESG and the total of all three allocations of CDBG.

11 The reason these are presented to you together
12 is because they are part of one plan amendment and public
13 comment process for HUD. Today we are asking you to
14 authorize three primary actions relating to these funds,
15 and I'll take you through those.

16 So first we're asking you to approve the
17 substantial amendment to our consolidated plan for ESG and
18 CDBG. The consolidated plan is an annual document
19 submitted to HUD. The Board approved our 2019 consolidated
20 plan in May of 2019.

21 An amendment to the plan is a procedure that HUD
22 requires of us before we can access all the CARES funds.
23 We're required to take that plan out for at least five days
24 of public comment, which we'll be doing next Monday through
25 Friday. We are also asking that in the interest of time

1 the plan not be returned to the Board after public comment
2 but if there are any revisions warranted based on public
3 comment, we'll coordinate with state leadership and the
4 Office of the Governor, make those changes, and proceed
5 with submission to HUD. The amendments for each of the
6 programs are found in your attachments A and B.

7 The second action we're asking of you today is
8 to approve our proposed programming of funds. While the
9 amendment to HUD in A and B does reflect programming, it
10 does so at a very high level and in a very prescribed
11 format using specific field limitations from HUD. So
12 staff's programming documents for you actually provide you
13 better detail and specificity to make it clear for the
14 Board and the public how the funds are going to be used.

15 In designing the best activities for these
16 funds, we focused primarily on the mass of impacts the
17 pandemic is having on households in rental units.

18 Based on Census Bureau statistics, from mid-July
19 2020 roughly 23 percent of all Texas renter households had
20 missed their last month's rent, and 39 percent had slight
21 or no confidence that they would be able to pay the
22 subsequent month's rent.

23 We also took into consideration that the small
24 and large landlords across Texas who must continue to pay
25 mortgages and property taxes and maintenance costs on their

1 properties while having reduced income.

2 The moratoria in place are helping to protect
3 tenants at least temporarily but do nothing to help
4 landlords, who have to carry the financial burden. So the
5 majority of the funds we've programmed from both ESG and
6 CDBG focus around rental assistance and its associated
7 activities. We're going to also focus to a lesser degree
8 on the state's food stability expenditures, persons with
9 disabilities, and broadband planning.

10 So first I'll tell you a little bit about ESG.
11 That's in attachment C for you. The programming in ESG
12 funds is focused on rental assistance; however, because ESG
13 uses different categories and terminology, the tools that
14 we use to focus on rental assistance are the HUD-specific
15 activities called rapid rehousing and homelessness
16 prevention.

17 With ESG, rental assistance can be provided for
18 up to 12 months with an additional six months' worth of
19 rental arrears and late fees in a one-time lump sum payment
20 if applicable.

21 As part of the programming it includes the
22 activity of housing relocation and stabilization services,
23 which can include rental application fees, security
24 deposits, last month's rent, utility deposits, utility
25 payments, moving costs and landlord incentives. Because of

1 fairly extensive recruiting requirements through the
2 specific Homeless Management Information System, we're also
3 allowing funds to be used for the additional coordination
4 and recruiting requirements for HMIS agencies.

5 With the ESG program the primary means of
6 getting the funds out into communities will be through
7 local competitive processes hosted by continuum of care
8 leads on behalf of the Department, or we may be reaching
9 out directly to continuum of care awardees to offer a
10 direct award of funds.

11 Next I'll tell you a little bit more about our
12 CDBG program, which is in attachment D. \$105.9 million of
13 the \$141.8 million in CDBG funds will go for rental
14 assistance. I'd like to point out a few critical
15 components of this rental assistance program.

16 As required by HUD, approximately \$40 million,
17 which is the amount of our first allocation, will be
18 allocated to non-entitlement cities and counties through a
19 competitive regionally allocated NOFA. Non-entitlements
20 are smaller, rural communities, generally those with
21 populations of less than \$50,000.

22 Up to another \$40 million will be allocated to
23 those larger entitlement cities and counties already
24 operating a COVID rental assistance program who have
25 indicated their willingness to accept the funds.

1 These will be non-competitive, as those counties
2 and cities are already in the best position to continue
3 channeling our funds through their existing structure.
4 There are currently 74 entitlement communities in Texas, so
5 while we're still in the process of serving and reaching
6 out to those, we estimate that approximately 25 to 35
7 communities will fall into this category of receiving a
8 direct award.

9 Within each region we are also seeking to
10 identify a provider who can provide program coverage for
11 the remainder of the region not awarded through entitlement
12 or non-entitlement awards to ensure broader coverage.

13 If we don't end up receiving applications for
14 regional subrecipients in some parts of the state, we plan
15 to provide such coverage ourselves, either directly or
16 through a third-party provider. Our intent is to make sure
17 that the entire state has access to this program.

18 Lastly, as an overlay across all rental
19 assistance contracts, we're requiring that all
20 subrecipients use at least 10 percent of their funds for an
21 eviction diversion program.

22 The eviction diversion program is a unique
23 partnership between the Supreme Court of Texas, the Texas
24 Office of Court Administration, and TDHCA that allows
25 courts to put eviction lawsuits on hold and divert them

1 into this program.

2 Under the program, lump sum payments are
3 provided to landlords for rental arrears in exchange for
4 allowing tenants to remain in their homes and forgive late
5 fees. Diverted cases will be dismissed and made
6 confidential from subsequent public disclosure, which
7 should keep the client from having a record.

8 Of the remaining funds not being used for rental
9 assistance, we have four other uses of our CDBG funds
10 identified. Those include \$21 million which will serve as
11 state match for FEMA eligible activities related to food
12 bank distribution.

13 The Texas Department of Emergency Management has
14 expended \$133 million in food distribution activities to
15 address food and nutrition needs statewide in response to
16 the pandemic, which the state is required to cover 25
17 percent of the match of that, which is \$33 million. Our
18 contribution of \$21 million helps defray that match
19 component.

20 Additionally, given that persons with
21 disabilities are disproportionately low income and may be
22 particularly vulnerable to the physical and economic
23 impacts of the pandemic, TDHCA is proposing to use
24 \$5 million specifically for those providers and facilities
25 that assist persons with disabilities, so you could think

1 of group homes.

2 The state will enter into agreements non-
3 competitively with an existing network of subrecipients to
4 assist those local providers in accessing funds for their
5 expenses on a reimbursement basis.

6 And finally, TDHCA will have up to 5 percent of
7 CDBG funds for administration, up to 2 percent for
8 technical assistance, so from those pools we are planning
9 on using approximately \$500,000 for pursuant broadband
10 planning activities.

11 So with the programming I laid out for you, I'll
12 get to the third and final action we're requesting of you
13 today in this Board item, which is that for all the
14 activities in the attachment that you've seen that
15 recommend non-competitive awards, we are asking that we be
16 authorized to also proceed with the execution of contracts
17 with those subrecipients, conditioned, of course, on an
18 acceptable recommendation from the EARAC committee. We
19 would report back to the Board as well.

20 Before I wrap up, I would just like to give a
21 big thank you to Mariana Salazar, who is our new CDBG
22 director and is doing an impeccable job; Abigail Versyp and
23 Naomi Cantu, who are leading the charge on ESG; and to
24 Megan Sylvester, who has provided amazing legal counsel so
25 far.

1 And with that I'll go ahead and open it up for
2 any questions that you guys may have.

3 MS. BINGHAM: Thank you so much, Brooke, for
4 going over that with us.

5 What questions do the Board members have for
6 Brooke?

7 MR. VASQUEZ: Madam Chair, I have a question.
8 Are there any kind of provisions that we're putting in
9 place to ensure that the conduits for these funds rapidly
10 get the money out there in the community and issued? I'm
11 just worried that we say, okay, here's all this money and
12 then they just kind of sit on it, whether it's from
13 inefficiency or any other reason.

14 MS. BOSTON: Sure. Great question, Mr. Vasquez.

15 To the extent that we are able to, we made a
16 conscious decision to choose to go ahead and contract right
17 away with entities, so what I said with the entitlements,
18 we're going to go ahead and directly contract with those
19 who have existing programs. With the disability activity
20 we're going to go ahead and contract with existing network
21 of providers. All of those are so that we don't have to go
22 out for a competitive process.

23 For the \$40 million that's going to the units of
24 general local government, we have to use that structure per
25 HUD, and so we don't have the luxury of fast-tracking that,

1 but I feel like with the other portions of the funds, we
2 definitely will be fast-tracked.

3 With the units of general local government, we
4 plan to staff up in a way that while we do have to go
5 through a competitive process, which may be perceived as a
6 little bit slower method, that we will have great technical
7 assistance prepared and on the ground and have a canned
8 program for them that they can immediately start operating.

9 So our plan is to do everything we can to do just what
10 you're saying.

11 MR. VASQUEZ: And just following up on that, can
12 we do any kind of after-action tracking to see how well
13 they did, and for groups that did not perform as well as
14 they should have, use that as a consideration for future
15 awards for other -- or holding back awards if we saw they
16 didn't do a good job this time.

17 MS. BOSTON: Sure. Well, we don't have anything
18 in our rules right now for our traditional programs today
19 that anyone would be penalized competitively for not
20 performing under this program. That wouldn't prevent the
21 Board in the future from choosing to make such a policy if
22 they chose to.

23 That said, I think usually what happens when we
24 have these big allocations in response to a congressional
25 action, like with the ARRA or CARES funds, we end up part

1 way through needing to move money around and figure out,
2 you know, these folks are moving too slowly, these folks
3 are actually spending faster.

4 And when it comes time to moving funds around,
5 we definitely take into consideration those who aren't
6 spending quickly enough, so we'll de-obligate if we need to
7 so that it doesn't get stuck in a contract and we would re-
8 obligate to those who are effective and efficient in using
9 their funds.

10 MR. VASQUEZ: That's a great example of
11 something that I think we should be keeping track of,
12 keeping the pulse of.

13 MS. BOSTON: Definitely. We will be on a
14 monthly basis.

15 MR. VASQUEZ: Great. Thank you.

16 MS. BINGHAM: Other questions from the Board
17 members?

18 MR. WILKINSON: I just have a couple of comments
19 for y'all.

20 You know, we've been pushing to kind of [audio
21 garbled] the CDBG since April, and because of the nature of
22 the appropriation, it's special, there's been [audio
23 garbled] in talking to the Governor's Office and
24 appropriators in the Senate and the House, and we were very
25 happy to get a plan together, and I hope it's one that you

1 can support.

2 The \$40 million that's going to go to
3 entitlement communities that have existing rental
4 assistance programs, they have good burn rates, so I expect
5 that money to get spent real fast, and then we tried to
6 design things, like Brooke has mentioned, where we get
7 everything else contracted up and going pretty quick.

8 HUD approval hopefully will come pretty soon,
9 and then we have a few more steps. Expectation for anyone
10 who is watching, money actually flowing will be more
11 towards the end of the year. We're already a week into
12 October, we need to get HUD approval, contracting, et
13 cetera.

14 But I'm excited to get started and we know the
15 demand is there, so I hope it will be very helpful.

16 MS. BINGHAM: Awesome, great.

17 So I'll entertain a motion then on item 3,
18 presentation, discussion and possible action on the
19 substantial amendment, the approval of the programming, and
20 the authority to make the awards. Do I have a motion to
21 approve?

22 MR. VASQUEZ: Move to approve.

23 MS. BINGHAM: Sorry. Real quick, let me just
24 make sure. Renee, we didn't have anybody in the queue to
25 speak to this item. Correct?

1 MS. NORRED: No, ma'am.

2 MS. BINGHAM: Great. Okay. Sorry about that.

3 The motion?

4 MR. VASQUEZ: I move to approve as presented.

5 MS. BINGHAM: Thank you. I have a motion by Mr.
6 Vasquez. Is there a second?

7 MS. THOMASON: Second.

8 MS. BINGHAM: Ms. Thomason seconds. Any further
9 discussion?

10 (No response.)

11 MS. BINGHAM: All those in favor aye.

12 (A chorus of ayes.)

13 MS. BINGHAM: Opposed same sign.

14 (No response.)

15 MS. BINGHAM: Motion carries. Thank you.

16 Thanks, Brooke.

17 Item 4, I think we have Abigail.

18 MS. VERSYP: Can you hear me?

19 MS. BINGHAM: Good morning.

20 MS. VERSYP: I'm working on my webcam. It says
21 it's sharing, so we'll see.

22 Good morning. I'm Abigail Versyp, director of
23 Single Family and Homeless programs. I'm speaking to Item
24 4 on the agenda, which includes the program year 2020
25 awards for the Emergency Solutions Grants Program, or ESG.

1 The ESG utilizes federal funding from HUD to
2 assist people experiencing or at risk of homelessness in
3 quickly regaining housing stability through street
4 outreach, emergency shelter, rapid rehousing, and homeless
5 prevention.

6 This item includes the staff recommendation
7 resulting from the annual competition for the regular
8 allocation of ESG funds, which is a separate allocation
9 from the ESG CARES funding Brooke presented in the last
10 item.

11 Our annual allocation for ESG for 2020 was about
12 \$9.6 million. The total awards recommended today are just
13 over \$9.2-, with the remaining funds retained by the
14 Department for administration. The allocated funds are
15 distributed geographically into eleven continuum of care
16 regions throughout the state.

17 For ESG, TDHCA encourages local continuums of
18 care, which are collaborative with service providers in a
19 CoC region, to issue their own NOFA with the funding
20 allocated to their region, so that they select the
21 providers that best meet the needs of the CoC in a local
22 competition. The results from the competition are included
23 in your Board book as attachments to this item.

24 We had two CoCs for 2020 that did choose to run
25 a local competition. Those were the Houston-Harris County-

1 Fort Bend County CoC and the San Antonio CoC. The
2 applicants from the nine CoCs that didn't have a local
3 competition applied direct to TDHCA through our NOFA.

4 Each application to our NOFA was scored, and
5 they were issued a random number that was utilized in the
6 event of a tie so that we could rank the applications. We
7 received a total of 106 applications in response to our
8 NOFA, and the funding available was able to fund 77 of
9 these applications. In addition, 21 applications are
10 recommended for funding in the local competitions for the
11 Houston and San Antonio area CoCs.

12 Three applicants do have conditions on their
13 awards as approved by EARAC. One application has already
14 met the conditions, and should the other two applications
15 not meet the conditions, funds will be redistributed to
16 other ESG subrecipients in accordance with our rules at 10
17 TAC Chapter 7.

18 I'm happy to answer any questions you might
19 have, and award logs are an attachment to this item in your
20 Board book.

21 MS. BINGHAM: Thanks, Abigail.

22 Any questions from the Board for Abigail?

23 (No response.)

24 MS. BINGHAM: We don't have any public comment
25 on this item either, so if there's no questions, we'll

1 entertain a motion.

2 MR. BRADEN: Move to approve as presented.

3 MS. BINGHAM: I have a motion from Mr. Braden.

4 Second?

5 MR. VASQUEZ: Second.

6 MS. BINGHAM: Mr. Vasquez seconds. Any further

7 discussion?

8 (No response.)

9 MS. BINGHAM: All those in favor aye.

10 (A chorus of ayes.)

11 MS. BINGHAM: Opposed?

12 (No response.)

13 MS. BINGHAM: Motion carries.

14 Thank you, Abigail.

15 Item 5, Asset Management. This is a material

16 amendment to the housing tax credit application for

17 Avondale Farms Seniors.

18 Rosalio.

19 MR. WILKINSON: Rosalio, if you're speaking,
20 you're on mute, sir.

21 MS. NORRED: We're moving him over; for some
22 reason he wasn't moved over.

23 MS. BINGHAM: Thank you.

24 MS. NORRED: He should be good to go now.

25 MS. BINGHAM: We can see you, Rosalio. Good

1 morning.

2 MR. BANUELOS: I'm Rosalio Banuelos, director of
3 Asset Management.

4 Item 5 is presentation, discussion and possible
5 action regarding a material amendment to the housing tax
6 credit application for Avondale Farms Seniors, application
7 number 16373.

8 Avondale Farms Seniors received a 9 percent
9 housing tax credit award in 2016 for the new construction
10 of 121 multifamily units in Haslet, Tarrant County.
11 Construction of the development is not complete, and the
12 cost certification documentation is currently under review
13 by the Department; however, an owner representative has
14 submitted a request for approval for a reduction of 2,592
15 square feet, or 40 percent, to the community building that
16 will close that application.

17 The area of the building has decreased from
18 6,531 square feet proposed at application to 3,839 square
19 feet as built. The owner representative stated that this
20 reduction to the common area was due to a drastic value-
21 engineering process to bring the cost down in line with the
22 available sources.

23 The owner also stated that the reduction to the
24 community building was in line with market demand for a
25 senior affordable housing community; however, under our

1 rules and statute, a reduction of 3 percent or more in the
2 square footage of a common area requires Board approval.

3 The information presented with the amendment
4 request also revealed other changes in the site plan that
5 do not require approval but are worth mentioning.
6 Specifically, the pool and site irrigation were eliminated
7 as part of the value engineering process as well, and the
8 health screening room was removed from the community
9 building.

10 However, the cost certification documentation
11 indicates that there is a sufficient number of common
12 amenities present at the property to meet the required
13 points for the development.

14 Even with all of these changes, the cost
15 certification documentation indicates that the total
16 development increased approximately \$1.2 million, or 6
17 percent, from the owner's estimated application, raising
18 the cost from \$19.2 million to \$20.4 million.

19 Staff recommends approval of the amendment
20 request, and the final tax credit award will be determined
21 upon finalization of the cost certification review.

22 At this point I am available for any questions.

23 MS. BINGHAM: Great. Thank you very much.

24 Does the Board have any questions for Mr.
25 Banuelos?

1 MR. VASQUEZ: Just kind of a broad question.
2 Does this seem to be more of an amendment to a project than
3 is typical?

4 MR. BANUELOS: Not necessarily. In my
5 experience, the common area is a common change. Forty
6 percent seems like a lot, but considering that it's a 6,000
7 square foot building, they're decreasing it to
8 approximately 4,000. Getting rid of the pool and the site
9 irrigation, we don't see that too much, but overall the
10 development design stayed relatively consistent.

11 MR. VASQUEZ: Okay. This seemed to be more of a
12 change than -- more of a substantive change across a number
13 of items than just a tweak here and there, but if staff is
14 comfortable with it, I am.

15 MR. WILKINSON: Sir, honestly, that's why I put
16 it on action, is just to kind of bring it to the Board's
17 attention. We get these requests a lot, and you know, it
18 has a feel like, well, this is what we were promised and
19 then now this is what we're getting and it's been built.

20 You know, when you back out the boiler room or
21 whatever, it's really a 2 percent reduction, and then
22 losing the pool and the lawn irrigation I thought was
23 significant as well.

24 So I wanted you to be aware, but technically
25 they have other amenities where points-wise it would be the

1 same. And you know, we get these a lot, and I just thought
2 every now and then we'll bring one to you so you can see
3 how, you know, you can get an application, these are the
4 plans, this is what we're going to do, and then it's not
5 built till two years later.

6 As Rosalio said, the cost was still above what
7 was originally estimated, even with these reductions. So
8 you know, the recommendation is still to approve, but I
9 wanted to bring this one before you.

10 MS. BINGHAM: Hey, Renee, does Mr. Hagerty want
11 to speak? I was asking Renee if Mr. Hagerty -- I know he's
12 available just if there were any questions and he is in
13 favor of staff's recommendation, but is Mr. Hagerty -- can
14 we have him be available?

15 MS. NORRED: Yes. We will find him and unmute
16 him.

17 Mr. Hagerty, you are unmuted.

18 MR. HAGERTY: Can you hear me?

19 MS. BINGHAM: Yes. Good morning.

20 MR. HAGERTY: Good morning. My name is Sam
21 Hagerty with Locke Lord. We represent the now
22 owner/developer of this project. I just wanted to add some
23 additional color to what Rosalio provided to you.

24 Additionally, where this all came about, our
25 client was actually the original investor in this deal.

1 The original general partner/developer had to be removed
2 under the LPA for extensive cost overruns and schedule
3 overruns, so they've stepped into that role and they're now
4 trying to bring this to market.

5 So that's where a lot of this began and the
6 value-engineering came about, to try make some make changes
7 and do some other things just to save the deal with the
8 least amount of harm.

9 Our client did some market surveys with
10 Novogradac as far as where we could make some of those
11 trims and still be in line with the market and
12 marketability of the project and we feel this is, again,
13 the least amount of harm or least amount of trimming we
14 could do to still bring this to market and save the deal.
15 So just to bring that additional color to this.

16 MS. BINGHAM: Thank you very much.

17 MS. BINGHAM: Does the Board have any questions
18 of Mr. Hagerty?

19 (No response.)

20 MS. BINGHAM: Okay. I didn't call for a motion.
21 I don't think we have any other -- no other people for
22 comment on this item, so we'll entertain a motion.

23 MR. VASQUEZ: I'll move to approve staff's
24 recommendation.

25 MR. BRADEN: I'll move to approve staff

1 recommendation.

2 MS. BINGHAM: Great. I'll have Mr. Vasquez as
3 the motion, and then, Mr. Braden, you're okay giving a
4 second?

5 MR. BRADEN: Yes.

6 MS. BINGHAM: Great. Any further discussion?

7 (No response.)

8 MS. BINGHAM: All those in favor aye.

9 (A chorus of ayes.)

10 MS. BINGHAM: Opposed?

11 (No response.)

12 MS. BINGHAM: Motion carries.

13 Thank you, Rosalio.

14 Moving on to item 6, Multifamily Finance,
15 Teresa.

16 MS. MORALES: Good morning.

17 MS. BINGHAM: Good morning.

18 MS. MORALES: Teresa Morales, director of
19 Multifamily Bonds.

20 Item 6(a) involves a determination of
21 eligibility relating to neighborhood risk factors that
22 include the crime rate of both the subject and the adjacent
23 census tract that exceed the threshold that's in the QAP.

24 The development site also triggered the poverty-
25 rate and presence-of-blight neighborhood risk factors;

1 however, both of these were determined by staff to meet the
2 mitigation outlined in the QAP. Since these have been
3 found to be mitigated, the only neighborhood risk factor
4 before you is the crime rate.

5 W. Leo Daniels is an existing development in
6 Houston and currently serves a senior population. The
7 development was built in 1979 and includes 100 units, all
8 of which are covered by a Section 8 HAP contract.

9 The threshold for the crime rate in the QAP is
10 18 per 1,000 persons annually. The crime rate for the
11 subject census tract is 22, and the rate for the adjacent
12 tract is 36 per 1,000 persons.

13 The QAP allows several different ways for an
14 applicant to demonstrate isn't actually as high as what is
15 reported on Neighborhood Scout, and I will briefly walk you
16 through each of those.

17 First, the applicant calculated a crime rate
18 based on the instances of Part 1 violent crime for the
19 entire police beat, which was inclusive of portions of
20 several other census tracts, not just the two that are in
21 question. This calculation yielded a crime rate of 29 in
22 2018 and 36 in 2019, which does not demonstrate the
23 downward trend that's mentioned in the rule.

24 Second, at the request of staff and in
25 compliance with the rule, the applicant provided local

1 police beat data based solely on those Part 1 violent
2 crimes in the subject and adjacent tract and also included
3 crimes to date for 2020. This data yielded a crime rate
4 for the subject tract of 19 for 2018 and 22 for 2019.

5 The adjacent tract had crime rates of 30 for
6 2018 and 51 for 2019. As it relates to data pulled to date
7 for 2020, the subject tract crime rate was at 14 and the
8 adjacent tract was at 30.

9 While the rate for the subject tract is below
10 the threshold, this is based on instances of crime that
11 occurred between January and July, which is only the first
12 half of the year. If you were to annualize that, which the
13 QAP does not address, the crime rates would be 24 and 51
14 for the subject and adjacent tracts respectively, as
15 reported by the applicant. Again, this does not
16 demonstrate the downward trend as noted in the QAP.

17 Third, to better tell the story of what's going
18 on in a particular area, the QAP allows for a letter from
19 the most appropriate local official to be submitted. Two
20 different commanders with the Houston Police Department
21 provided similar letters that spoke to efforts underway and
22 a comprehensive action plan used to address crimes in the
23 Greater Northeast Division of the Houston Police
24 Department.

25 The letter also stated that strategies are

1 adjusted and the impact of the action plan is continuously
2 evaluated to be more effective in their efforts to reduce
3 crime. One of the letters states that upon an evaluation
4 of the crime statistics surrounding this particular
5 development, they have observed a slight decrease in crime
6 in the past 90 days; however, the letter did not provide
7 any details.

8 The QAP also states that such a letter should
9 describe the results of efforts underway and should speak
10 to whether there is a reasonable expectation that based on
11 the efforts underway, crime data supports a favorable
12 downward trend in crime rates.

13 Due to the crime data provided by the applicant,
14 staff does not believe that such a reasonable expectation
15 has been demonstrated.

16 Fourth, other information provided the applicant
17 and included in the materials is a map of both census
18 tracts for each year with the instances of violent crime
19 platted. Relative to the location of the development,
20 there are clusters of crimes located along the thoroughfare
21 that borders the two census tracts, Jensen Drive, along
22 with clusters of crimes occurring in the southernmost
23 portion of both tracts.

24 News articles were also provided that reference
25 increases in crime across the country, specifically noting

1 Houston, in the midst of COVID-19. None of these articles
2 specifically address the area surrounding W. Leo Daniels,
3 and if in fact the increase in crime is attributable to
4 COVID-19, it does not explain the increase from 2018 to
5 2019.

6 The QAP also allows developments involving
7 rehabilitation to provide additional information relative
8 to security measures to be implemented in an effort to
9 mitigate the crime rate; however, staff does not believe
10 the rule allows for that information to be used as the sole
11 determining factor to support a conclusion of eligibility.

12 There are aspects of this development that
13 distinguish it from prior development sites brought before
14 the Board with respect to crime. Specifically, it is an
15 eight-story, elevator-served building that requires
16 key-card access, and the applicant has represented that no
17 one will have access to office and residential areas
18 without key-card access.

19 Moreover, the applicant indicated that there is
20 a security service currently provided by the management
21 company, and the applicant intends to continue this
22 service.

23 However, it is important to note that such
24 mitigation, as explained in the QAP, is intended to address
25 situations where the instances of crime are occurring at or

1 near the development itself. Based on the map with the
2 crimes plotted that was provided by the applicant, this
3 does not seem to be the case.

4 The QAP is clear that for a site to be
5 considered eligible, the applicant must demonstrate that
6 actions are being taken such that there is a high
7 probability and reasonable expectation the crime rate will
8 be sufficiently mitigated or significantly improved prior
9 to placement in service and that the risk factor
10 demonstrates a positive trend and continued improvement.

11 Staff does not believe, based on the information
12 provided, that there is a basis for recommendation of
13 eligibility under the QAP, primarily that the crime rate is
14 of the nature or severity that should render the site
15 ineligible.

16 While the application proposes rehab, the QAP is
17 clear that preservation of existing units alone does not
18 provide a basis by which a development site can be
19 considered eligible.

20 The last point that I wanted to make is that the
21 issue before you is one of eligibility as it relates to the
22 neighborhood risk factors and the site itself. Other
23 aspects of this application review have not occurred yet
24 and include underwriting and a determination of
25 feasibility, as well as compliance relating to the previous

1 participation of the applicant.

2 This application involves the ITEX group, who
3 the Board found ineligible based on the current condition
4 of their portfolio in June of this year and was denied an
5 award of three 9 percent applications.

6 This concludes my presentation. I'm available
7 for questions.

8 MS. BINGHAM: Very good. We do have comment for
9 this item.

10 First, do the Board members have any questions
11 of Teresa before we get started?

12 MR. BRADEN: Actually, I had one question.
13 Teresa, so I was reading through these materials, they
14 talked about obviously this is a 4 percent tax credit deal
15 and it's a renovation of an existing facility, but they
16 talked about building another tower like across the street,
17 and they were going to move all the residents to that new
18 tower and then renovate the existing tower. Are we
19 involved with the financing of that new tower too or is
20 that something separate?

21 MS. MORALES: I believe that's something
22 separate. It's not something that's reflected in the
23 application that we have.

24 MR. BRADEN: Okay. And they didn't get 9
25 percent tax credits for that or anything else?

1 MS. MORALES: To my knowledge, no.

2 MR. BRADEN: Okay.

3 MS. BINGHAM: If there are no further questions
4 from the Board of Teresa at this time, we can entertain a
5 motion on the item or a motion to hear comment.

6 MR. VASQUEZ: I'd move to hear comment. I'd
7 like to hear a little bit more from the developers.

8 MS. BINGHAM: Great. Motion from Mr. Vasquez to
9 hear comment. Is there a second?

10 MR. BRADEN: Second.

11 MS. BINGHAM: All right. Mr. Braden seconds.
12 All those in favor aye.

13 (A chorus of ayes.)

14 MS. BINGHAM: Opposed?

15 (No response.)

16 MS. BINGHAM: Renee, you want to make a
17 housekeeping announcement about the access code?

18 MS. NORRED: Yes, ma'am.

19 MR. DARUS: This is Nathan. We did identify an
20 error on the agenda as it was typed and uploaded to the
21 website. The correct access code for this Board meeting is
22 743-488-648. That agenda has been updated on the website
23 as well so it is reflected correctly now.

24 But as just a quick reminder, if you are only
25 calling in and using the access code without registering

1 online, you only will be able to hear the Board meeting and
2 will not be able to ask questions or provide comment.

3 MS. BINGHAM: Hey, Nathan, so it's corrected if
4 people are accessing it online, but would you just read the
5 code one more time slowly just for anybody that's needing
6 to get in the queue?

7 MR. DARUS: Absolutely. It's 743-488-648.

8 MS. BINGHAM: Great. Thank you.

9 MR. ECCLES: If I could just interject. This is
10 Beau Eccles.

11 If you registered and followed the link that was
12 on the agenda and called in, the instructions that would
13 have been given by the GoToMeeting page were correct. This
14 is just what was listed as the access code if you wanted to
15 call and just listen. Is that correct?

16 MR. DARUS: That's correct.

17 MS. BINGHAM: Great. Thank you.

18 All right. Renee, do we have comment on item
19 6(a).

20 MS. NORRED: Yes, ma'am, we do. We are going to
21 look for Tamea Dula, and we're going to unmute her, and
22 then we have Ryan Bibbs following her.

23 Tamea, you are self-muted.

24 MS. DULA: Thank you. This is Tamea Dula.

25 I had not intended to speak personally but have

1 proposed a preferred speaker order that we would like to
2 make the presentation in on behalf of the applicant.

3 If you would bear with us, the first speaker in
4 that order is Raynold Richardson, and we'd like him to make
5 the first presentation.

6 MS. NORRED: We are finding Raynold Richardson
7 to unmute him. He is unmuted.

8 MR. RICHARDSON: Okay. Good morning, Board.
9 How are you doing? Can you hear me?

10 MS. BINGHAM: Yes.

11 MR. RICHARDSON: I want to say first of all that
12 I'm part of the development group, Jensen Development,
13 along with ITEX and J. Allen Affordable Housing, and this
14 asset was basically sponsored by the Greater Jerusalem
15 Baptist Church some 40 years ago; Pastor W. Leo Daniels,
16 and the church of Greater Jerusalem still has a lot of
17 community work that it does. They have a gym, they do a
18 lot of things with children, they feed the community, and
19 they have outreach. The pastor of the church is at this
20 site on a daily basis.

21 There is no historical crime on this site,
22 period, and for the last 28-30 years there's been no crime
23 because of the community outreach of the church itself with
24 the community.

25 The violent crime at the site is basically

1 nonexistent and the census tract that it's in is
2 nonexistent and it's lower to the police beat overall, just
3 like was stated by your staff.

4 We have the letter from the HPD that says that
5 crime within the last 90 days has subsided. I'm hoping
6 that Commander Dale is going to be on this call also, or
7 either Lieutenant Denman [phonetic], to talk about further
8 efforts they're doing in the community to try to address
9 the crime. And we know that that the crime rates in
10 Houston generally during COVID, they've kind of had an
11 uptick, and I can attest to that by living here in Houston
12 myself.

13 And we have a \$10 million commitment, you know,
14 from the City of Houston to address this site, and it's
15 been 40 years, and it's in pretty good need of substantial
16 rehabilitation. And we feel very confident, with the
17 approval by the Board, we will continue to address all the
18 issues, especially relative to this site where crime is
19 concerned.

20 And to speak to the issue about the new tower,
21 we have not been able to push that forward yet. We're
22 prepared, as the development team, also to deal with the
23 compliance issue with ITEX, you know, by myself, Mr. Allen
24 and our other team members stepping in for that if that's
25 necessary by this Board. We want to make sure that these

1 people have a good safe place to live for the next 40 or 50
2 years.

3 So we're asking you in the matchless name of
4 Jesus to consider approving our site that we might continue
5 to serve this community. Thank you so much.

6 MS. BINGHAM: Thank you.

7 Are there any questions for Mr. Richardson?

8 (No response.)

9 MS. BINGHAM: Okay. Next speaker.

10 MS. NORRED: We are looking for James Dale.

11 James, you are self-muted. Please unmute
12 yourself. James, can you hear us? James Dale, can you
13 hear us?

14 (No response; audio issues.)

15 MS. NORRED: Would you like for us to move on to
16 the next speaker?

17 MS. BINGHAM: Yes, please.

18 MS. NORRED: We have Demita Mason. We will find
19 her and unmute her.

20 She is not on, so the next one will be Ryan
21 Bibbs. Let's find Ryan and we will unmute him.

22 Ryan, you are unmuted. Can you hear us?

23 MR. BIBBS: Yes. Can you hear me, Board?

24 MS. BINGHAM: Yes.

25 MR. BIBBS: Okay. Great. Thank you.

1 My name is Ryan Bibbs. I'm with the City of
2 Houston Housing and Community Development Department, and I
3 will be speaking to item 6(a).

4 The City of Houston Housing and Community
5 Development Department reaffirms support for the W. Leo
6 Daniels application. The proposal met the department's
7 criteria for resolution of no opposition that was approved
8 by city council.

9 In addition, in January 2019, HCDD issued a NOFA
10 to secure proposals to finance multifamily developments for
11 the Disaster Recovery 17 Program. When the NOFA closed,
12 HCDD reviewed 55 applications, including the W. Leo Daniels
13 as a proposal.

14 In the competitive application round, HCDD
15 released 16 initial recommendations for financing, which
16 included a \$10 million CDBG DR-17 award for W. Leo Daniels,
17 conditioned on the allocation of the 4 percent tax credits.

18 Since the announcement to recommend the W. Leo
19 Daniels application, HCDD has commenced underwriting and
20 evaluation for the transaction. During this time HCDD will
21 review environmental conditions, the budget for cost
22 reasonability, pro forma and cash flow projections, along
23 with the tax credit investors and the lender.

24 If the transaction meets the department's
25 underwriting standards, the loan committee will be

1 submitted to the city council for approval later this year.

2 We appreciate your consideration for the city's
3 investment in this transaction. With your partnership we
4 will deliver quality affordable housing for the City of
5 Houston. Thank you. I appreciate it.

6 MS. BINGHAM: Thank you, Mr. Bibbs.

7 Are there any questions for Mr. Bibbs from the
8 City of Houston?

9 (No response.)

10 MS. BINGHAM: Thank you.

11 Renee?

12 MS. NORRED: Yes. Next we have Josh Allen. We
13 are finding him to unmute him.

14 Josh, you are unmuted. Can you hear us?

15 MR. ALLEN: Can you hear me?

16 MS. BINGHAM: Yes.

17 MR. ALLEN: Okay. I'm Josh Allen. I'm part of
18 the management team, J. Allen Management Company.

19 We have managed this property for the past 12
20 years, and I can attest that there has been no crime at all
21 at the property in the time that I've been there, and my
22 manager, who could not get on just now, can attest for the
23 last 28 years there has been no crime there.

24 We have security measures with the card access
25 system. We're adding additional cameras. We do have

1 security guards that are there 24/7 on the weekends,
2 holidays, and after hours.

3 In addition to the security of the building, we
4 also are sprinkling the whole building. Right now the
5 building is only sprinkled in the hallways, so this will
6 add to the safety of our residents. We'll put in a new
7 fire alarm system, which the current system does not meet
8 code.

9 Right now there's no air conditioning in the
10 hallways in the building, which that will be changed.
11 Right now there are also air conditioning units similar to
12 window units in the building, which is inadequate to
13 adequately heat and cool the apartments, and there will be
14 a central air conditioning system put in. We'll also
15 upgrade the electrical system in the building, upgrade the
16 elevators in the building, and it will be a total green
17 project.

18 I'd like to also state that there are letters of
19 support from Congresswoman Sheila Jackson Lee,
20 Congresswoman Sylvia Garcia, State Senator Carol Alvarado,
21 State Representative Armando Walle, City Council Member
22 Karla Cisneros, and the Sunbeam Curry Civic Club.

23 I'd like to conclude by saying that we have
24 projects like this come only once in a lifetime to help
25 improve the quality of life for our most vulnerable

1 population, the low-income elderly, and this will
2 substantially improve the quality of life.

3 This project, I ask you to vote yes and approve
4 this project, and I thank you in advance for your
5 consideration and support.

6 MS. BINGHAM: Thank you, Mr. Allen.

7 Does the Board have any questions for Mr. Allen?

8 (No response.)

9 MS. BINGHAM: Okay. Renee?

10 MS. NORRED: We don't have any more queued up
11 for comment. Mr. Dale has some audio issues, and we
12 haven't heard back from him yet.

13 MS. BINGHAM: Can we see if Tamea can come back?

14 MS. NORRED: Yes, ma'am. Let me find Tamea.

15 Tamea, you are unmuted.

16 MS. DULA: This is Tamea Dula. How can I help
17 you?

18 MS. BINGHAM: Hey, Tamea. One of the speakers
19 had mentioned somebody from law enforcement possibly
20 speaking today. Is that Mr. Dale that can't get audio?

21 MS. DULA: Commander Dale of HPD, yes.

22 MS. BINGHAM: Okay. Do you feel like channeling
23 him at all? I mean, is there anything that you could
24 provide for the Board from what you think he was going to
25 contribute?

1 MS. DULA: I believe that the gist of his
2 comments were that the spike in activity resulting from
3 COVID has leveled off at this point; we've had some
4 reduction in the amount of crime in the area. And I
5 believe he was also going to speak as to certain efforts
6 that the police department makes in order to involve the
7 community in lowering the crime rate.

8 MS. BINGHAM: Okay. Very good. I guess my
9 question is -- and I appreciate and trust the reports from
10 the property management and other speakers on that there
11 hasn't been crime on the property. I guess, you know, my
12 concern would be that we expect that it's a safe location
13 to live and commute, and you know, take care of the things
14 that you can take care of in your immediate neighborhood.
15 So the crime rates in the surrounding areas, you know, I
16 think were what staff were concerned about, and you know,
17 has been communicated through this item.

18 I understand it's a rehab project, you know,
19 probably way overdue, and it would be great for the
20 residents. I guess, you know, the responsibility of the
21 Board is that is this a safe place to continue to invest in
22 residents staying there as opposed to, you know, looking
23 for a location for the elderly that's in a more safe area.
24 Any thoughts on that?

25 MS. DULA: I believe that Audrey Martin would be

1 a better person to speak to that. She has been the
2 consultant in connection with this matter. I don't know
3 whether she is in the line to speak.

4 MS. BINGHAM: Actually, Tamea, it does look like
5 Renee is on, and we'll go ahead -- I don't want to belabor
6 this a lot more, but Renee, if Audrey Martin is available,
7 then we'd like to hear from her.

8 MS. NORRED: Yes, ma'am. And we also have James
9 Dale back.

10 MS. BINGHAM: Oh, good. Okay.

11 MS. NORRED: Would you prefer Mr. Dale first and
12 then Audrey?

13 MS. BINGHAM: Yes, that would be great.

14 MS. NORRED: All right. So we will unmute Mr.
15 Dale.

16 CMDR. DALE: Can you hear me?

17 MS. BINGHAM: Yes.

18 CMDR. DALE: Oh, gosh, this is horrible. I need
19 to meet in person. This is Cmdr. Dale from the Houston
20 Police Department representing the Northeast Division. If
21 everybody can hear me, thank you very much for putting up
22 with my technical issues I had over here.

23 We just wanted to say when we're dealing with
24 the crime, with the Houston Police Department, I'm proud to
25 say due to our community efforts and our relational

1 policing, with the leadership of Chief Art Acevedo, we've
2 been able to work steadily on lowering the crime rate
3 because of our community engagement.

4 We've got new processes and systems out here at
5 Northeast, again, along with the rest of the city. We've
6 got a DART program that we use out in the area, which is
7 Domestic Awareness Response Team, that we place victim
8 advocates with our police officers in responding to
9 domestic violence and family violence issue calls, so we're
10 ahead of the nation in that.

11 I just formed a hot spot unit, which is a group
12 of officers that are not running calls for service but are
13 visible in uniform working in areas such as where the
14 development will be to be visible, work with the community,
15 engage the community, and come up together with
16 collaborative partnerships to solve any of the crime issues
17 in there.

18 Our crime rates have steadily declined. I mean,
19 everything is cyclical, and I know COVID didn't help us,
20 but overall the only issues that we have are a lot of
21 aggravated assaults, and that goes back to our family
22 violence issues that occur within the home, and we're
23 addressing that with our DART team and our victim advocacy.

24 So that's the one issue that we have that we combat, but
25 overall the crime rate is in that area going down.

1 MS. BINGHAM: Thank you, Commander.

2 Any questions for the commander?

3 MR. BRADEN: I have --

4 MS. BINGHAM: Please, Mr. Braden.

5 MR. BRADEN: Commander, this is Paul Braden on
6 the Board.

7 So from what we've been told so far, the tower
8 itself seems safe. I mean, the people who have been
9 managing it for decades indicate there's really no crime
10 within the tower itself, and that makes sense to me at
11 least because of the securities that they have in place in
12 the tower.

13 But when we look at the statistics, the
14 immediate census tract that the tower is in is slightly
15 above what our threshold is, and I think what Ms. Bingham
16 brought up was sort of concerns with the residents, when
17 they're leaving the tower, if they're walking to catch the
18 bus, they're walking to a neighborhood store, you know, is
19 there risk, what's the crime level associated with them?

20 You talked about violent crime that was
21 associated with basically family violence which doesn't
22 seem to apply to the tower just based on what we've been
23 told, but what about -- I mean, are people able to
24 comfortably walk to the bus stop and catch a bus wherever
25 they need to go or go to their vehicles? I mean, what's

1 that immediate sense of the neighborhood?

2 CMDR. DALE: Well, right now, you know,
3 obviously crime is everywhere; it could happen at any time.

4 But yes, I'm very confident, along with my management
5 staff here and the officers, that it would be relatively
6 safe to be able to do that.

7 We're definitely willing to come out there as
8 well with a team, officers to look -- we call it CPTED,
9 crime prevention through environmental design -- look at
10 any other ways, whether it would be lighting or
11 infrastructure on how to make it a lot safer.

12 We always are willing to do that, and we've done
13 that to numerous other places within the Northeast
14 Division. So that's something we can look at too and just
15 create a general sense of safety and security. But
16 ultimately we can feel confident that residents will be
17 able to do that.

18 MR. BRADEN: Thank you.

19 MR. VASQUEZ: I have a question for Cmdr. Dale.

20 MS. BINGHAM: Mr. Vasquez, yes.

21 MR. VASQUEZ: Cmdr. Dale, could you describe a
22 little bit more about the neighbors or the neighboring
23 properties to this building? Because Harrell is not a main
24 street, so this is off a main street and from what I can
25 tell, behind it to the east of it there's the church

1 property, which covers the whole back side, and to the
2 north there's just a warehouse and then the rest is kind of
3 residential. So the fact that it's not on a main drag,
4 does that provide a little bit more buffer on security?

5 CMDR. DALE: No, I don't think so. I think that
6 it's not off the main drag might be an advantage to it.

7 MR. VASQUEZ: That's what I was asking.

8 CMDR. DALE: Yes.

9 MR. VASQUEZ: And again, the back of the
10 property is the church property is right there. Correct?

11 CMDR. DALE: Correct.

12 MR. VASQUEZ: Okay. I just wanted to clarify
13 that.

14 CMDR. DALE: Okay.

15 MS. BINGHAM: Thank you. Thanks, Mr. Vasquez.

16 Any other questions for the commander?

17 (No response.)

18 MS. BINGHAM: Great. Thank you very much,
19 Commander. Sorry about the technical difficulty.

20 Renee, do you have Audrey Martin available?

21 MS. NORRED: Yes. We are finding her to unmute
22 her right now.

23 Audrey, you are unmuted.

24 MS. MARTIN: I can hear you. Can you all hear
25 me?

1 MS. BINGHAM: We can.

2 MS. MARTIN: All right. Fantastic. This is
3 Audrey Martin with Purple Martin Real Estate. I'm the tax
4 credit consultant on this development and representing the
5 applicant, and I'm available for any questions.

6 You know, I've taken a good look at the crime
7 data over time, and what I want to just reiterate a little
8 bit is that what we found in looking at the crime data is
9 that the further and further we drilled down to the
10 specific location, the better the crime looked.

11 So when we looked at the entire police beat,
12 there was a higher violent crime rate for each of the years
13 that we looked at than there was when we drilled down to
14 this specific census tract, and then further -- I think as
15 the management company has spoken to you quite well -- when
16 you drill down further to the site itself, there's a track
17 record of providing a safe environment for the residents.

18 So I just kind of wanted to point out that, you
19 know, with the bigger area the crime looks worse than when
20 you get a little more specific to the census tract and then
21 again when you drill down specifically to this site, it
22 looks better as well.

23 And then, you know, the other point -- and I
24 know you all realize this -- it is a rehab development.
25 These residents are there right now, they're going to

1 continue to live there, so the team is excited about the
2 improvements that they'll be able to make to the condition
3 of the property overall. So there's people that will live
4 there regardless, and again, they have quite a focus on any
5 additional security measures that can improve the condition
6 related to crime moving forward as well.

7 MS. BINGHAM: Great. Thank you very much,
8 Audrey.

9 If the Board has no other questions --

10 MR. VASQUEZ: I'm sorry; I have one more
11 probably Audrey can answer.

12 So how are they handling the moving out the
13 residents during the rehab? Is it going to be done in
14 phases?

15 MS. MARTIN: Yes. I actually might need to
16 refer back to Ray Richardson or Josh Allen for the specific
17 relocation plan. We did submit a relocation plan as part
18 of the application. I imagine they've probably further
19 defined the details since that time.

20 MS. BINGHAM: Let's see if we can find Mr.
21 Richardson or Mr. Allen to speak to that, Renee.

22 MS. NORRED: Okay. We are looking for Mr.
23 Richardson first.

24 Mr. Richardson, you are unmuted.

25 MR. RICHARDSON: Okay. The plan is to do the

1 building two floors at a time; that's what our initial plan
2 is. If we're not able to move the entire populace out to
3 places that's close by where they currently live, we're
4 going to do them two floors at a time and then bring
5 residents back, and that's the plan that we've pretty much
6 put on the table.

7 MS. BINGHAM: So when the two floors are being
8 done, are they relocated to other areas within the same
9 building, or will they have temporary housing outside of
10 the development?

11 MR. RICHARDSON: Temporary housing outside of
12 the building.

13 MS. BINGHAM: Okay. All right. Thank you.

14 Mr. Vasquez, does that answer your question?

15 MR. VASQUEZ: Yes, thanks.

16 MS. BINGHAM: Very good.

17 So this is an action item on eligibility for
18 W. Leo Daniels rehab development in Houston. It looks like
19 staff's recommendation is ineligibility. We will entertain
20 a motion from the Board on this item.

21 MR. VASQUEZ: Madam Chair, if I may? If this
22 was to be a brand new structure that the developer would
23 just decide let's build one here at this site, I would be
24 inclined to say it's ineligible, let's not do this.

25 But because it is a rehab and 4 percent, and

1 again, on an existing property that clearly has a track
2 record, and I believe Cmdr. Dale and the management company
3 that it's been a safe location, I would recommend -- I
4 would like to make a motion to approve this property as
5 eligible, and of course, pending all the other underwriting
6 and scoring criteria, to make this site eligible under
7 these circumstances.

8 MS. BINGHAM: Great. So I have a motion from
9 Mr. Vasquez to find this site eligible. Is there a second?

10 MS. THOMASON: Second.

11 MS. BINGHAM: Ms. Thomason seconds the motion.
12 Any further discussion from the Board?

13 (No response.)

14 MS. BINGHAM: All those in favor of the motion
15 aye.

16 (A chorus of ayes.)

17 MS. BINGHAM: Opposed?

18 (No response.)

19 MS. BINGHAM: Motion carries. Thank you guys,
20 thanks very much.

21 All right. We're moving on to item 6(b).
22 Marni.

23 MS. HOLLOWAY: Good morning.

24 MS. BINGHAM: Good morning.

25 MS. HOLLOWAY: I'm Marni Holloway. I'm the

1 director of the Multifamily Finance Division.

2 Item 6(b) is presentation, discussion and
3 possible action on a timely filed appeal of tax credit
4 application 20344, Merritt Sunset, under the department's
5 Multifamily Program Rules.

6 Staff determined under review that the
7 application did not provide mitigating documentation
8 required for Henderson Elementary School, which had a 2019
9 rating of F and a 2018 rating of Met Standard, so we issued
10 an administrative deficiency.

11 The applicant's response did not include
12 documentation that existed prior to submission of the
13 application that met the threshold requirements, so the
14 application was terminated.

15 The appeal to the executive director included
16 some new information, but it did not show that it had
17 existed prior to submission of the application, so the
18 appeal was denied.

19 The rule clearly describes acceptable mitigation
20 for schools including documentation from a person
21 authorized to speak on behalf of the school district with
22 oversight of the school in question that indicates the
23 specific plans in place and current progress towards
24 meeting the goals and performance objectives outlined in
25 the campus improvement plan.

1 So the rule requires more than just the campus
2 improvement plan; it looks for a discussion of the plan and
3 progress that's been made under the plan from an education
4 professional who is aware of what's going on at that
5 particular school.

6 In addition, it should include actual data from
7 progress already made and include the authorized person's
8 assessment that the plans and the data support a reasonable
9 conclusion that the school will have an acceptable rating
10 by the time the proposed development places in service.
11 And we aren't able to make that assessment; we look to the
12 education professionals to do that for us.

13 The administrative deficiency response included
14 a partial 2018-2019 and 2019-2020 campus improvement plan
15 and a statement from ISD staff describing staff changes
16 that happened after the application submission.

17 The appeal to the executive director includes a
18 completely 2018-2019 campus improvement plan with an
19 explanation dated September 16, 2020, because that's the
20 day that it was printed. It also includes an unsigned
21 letter from the executive director for elementary education
22 for Midland ISD, dated September 14, 2020, so clearly after
23 the application delivery date, and staff cannot accept that
24 letter as response to the deficiency or appeal.

25 There's a good deal of discussion in both the

1 deficiency response and the appeal that describes the need
2 for affordable housing and issues faced by Midland ISD.
3 These are not considered mitigation under the rule.

4 The 2018-2019 campus improvement plan alone does
5 not meet the mitigation requirements of the rule because it
6 is not accompanied by a discussion of performance
7 indicators and progress made or a letter from an authorized
8 person with their conclusion that the school will have an
9 acceptable rating dated prior to application submission.

10 Because the applicant has not provided
11 definitive evidence that the mitigating documentation
12 provided in response to the deficiency or appeal existed
13 prior to submission of the application, staff recommends
14 denial of the appeal.

15 I'd be happy to take any questions.

16 MS. BINGHAM: Thank you, Marni.

17 Any questions for Marni on this?

18 (No response.)

19 MS. BINGHAM: I'm checking right now to see if
20 we have speakers. It didn't look like there was anybody.
21 We do have a letter to read into the record, correct,
22 Renee, from Michael?

23 MS. NORRED: Yes, ma'am, and we also have two
24 speakers for this item.

25 MS. BINGHAM: Okey-doke. Okay. Let me check

1 with the Board real quick. So we have some comment on this
2 item, and we have a letter that needs to be read into the
3 record. We'll entertain a motion from the Board to hear
4 comments and the letter to be read.

5 MS. THOMASON: Yes. I'll make a motion to hear
6 public comment and also for the letter to be read into the
7 record.

8 MS. BINGHAM: Thank you. Ms. Thomason makes the
9 motion. Is there a second?

10 MR. VASQUEZ: Second.

11 MS. BINGHAM: Mr. Vasquez seconds. All those in
12 favor aye.

13 (A chorus of ayes.)

14 MS. BINGHAM: Great. Very good.

15 Renee, why don't we have Michael Lyttle read the
16 letter first.

17 Ms. NORRED: Yes, ma'am.

18 MR. LYTTLE: Okay. Can y'all hear me?

19 MS. BINGHAM: Yes.

20 MR. LYTTLE: Okay, great. The letter is sent to
21 Bobby from State Representative Tom Craddick. It reads as
22 follows:

23 "It has come to my attention you will be
24 considering the appeal for the Merritt Sunset development
25 in Midland, Texas. As you know, I have previously

1 expressed my support of this development. It is vital to
2 the continued growth in Midland and to serving the
3 community hit hardest by the COVID-19 pandemic.

4 "In preparing the information for staff at the
5 Texas Department of Housing and Community Affairs, a report
6 was provided by the Midland Independent School District for
7 the application. After submission it was determined one of
8 the reports provided by MISD was incorrect. The applicant,
9 Merritt, relied on MISD to provide them with accurate
10 information.

11 "MISD is suffering due to ongoing turnover and a
12 lack of institutional knowledge. While this error is
13 certainly an oversight on the part of many, it is not a
14 reason to stop forward progress and divert all affordable
15 housing dollars from the Permian Basin in their time of
16 need. The report has been corrected and provided to
17 commission staff.

18 "Merritt Sunset has requested MISD to comment on
19 the record as to the error; however, due to the strict
20 oversight on these issues, they are unable to comment on
21 the record at this time. While this testimony and their
22 statement would be beneficial in your procedures, it should
23 not be the hurdle which determines the future of a
24 community.

25 "I have represented Midland County for over 50

1 years. Merritt is bringing a much needed development in an
2 area where Midland could use it most. Please know I
3 support this development and the infrastructure dollars
4 that are imperative to not only this community today but
5 also in the future.

6 "Should you have questions or if I can be of
7 additional assistance, please do not hesitate to reach out
8 to me. I look forward to celebrating the success of
9 Merritt partnering with your agency, MISD and the City of
10 Midland.

11 "Best regards, Tom Craddick, Texas State
12 Representative, House District, 82."

13 MS. BINGHAM: Thanks, Michael.

14 All right. It looks like we have Colby Denison
15 and Cynthia Bast in the queue for comment on this item.

16 MS. NORRED: Colby, you should be unmuted.

17 MR. DENISON: Hi. This is Colby Denison. Can
18 you all hear me?

19 MS. BINGHAM: Yes.

20 MR. DENISON: Thank you so much for the
21 opportunity to speak on this. I feel like I'm now halfway
22 to being an expert on independent school districts.

23 We were scheduled to have Elana Ladd, who is the
24 director of communications for Midland ISD, speak to y'all
25 today until she emailed me last night telling me that she

1 went home sick and has a fever and is getting a COVID test
2 tomorrow, so that is unfortunate, but I'd like to relay
3 some of the things that she and her team has said.

4 I've had calls with the new head of elementary
5 schools and the new principal for Henderson. You know, the
6 rating for Henderson Elementary went from Met Standard to
7 F, and quote-unquote, from the head of the elementary
8 school program, they believe the only reason that happened
9 was because of the methodology used to form the rating.
10 They don't see that there was any change from, you know,
11 that year to the next. I asked, I said, Well, would you
12 please put that in writing? And they said, No, we can't
13 put that in writing and submit that to TDHCA.

14 I think because independent school districts are
15 independent from the local government, I've found that
16 outside of the formal reports they issue, they're very
17 reticent to put anything on the record, but Elana did
18 submit a letter, along with the principal, commenting.

19 And the other thing that's important here is the
20 information that we did provide, there was a mistake made,
21 and we even in our appeal included a letter -- or a comment
22 from Elana Ladd apologizing for her staff sending the wrong
23 and incomplete reports, and then they sent the right report
24 which included all the data.

25 In the progress report there were 26 categories

1 of improvement, all with extensive detail, and 22 of the 26
2 showed 100 percent completion of all the improvement to get
3 to a Met Standard; the other four were between 50 and 75
4 percent complete.

5 So if you look at that, I think the report in
6 and of itself and on its face is conclusive that they are
7 almost there and provides the proof that staff and TDHCA
8 needs to determine that this school is on the right path.

9 I asked Elana Ladd, the director of
10 communications, I said, Can you put that in writing, can
11 you say or elaborate on anything outside of what the report
12 says? And she said, quote-unquote, No, I cannot.

13 So I think that your rules saying that ISDs need
14 to make commentary outside of the formal reports that they
15 submit to TEA around the improvement plans, I know that the
16 director of communications does not want to put anything in
17 writing outside of what the report itself says, which is,
18 again, 22 of the 26 categories are there.

19 The last thing I wanted to say -- and staff
20 didn't kind of comment on this -- but we offered to do
21 after-school tutoring, which is an available option for
22 mitigation.

23 We would be happy and would love to provide kids
24 with tutoring to help them get to where they need to be
25 until the school is back at an acceptable rating, and we

1 even offered to do that free of charge to the development,
2 and we also said that we would continue that beyond the
3 rating system.

4 We voluntarily do some after school programs at
5 another Merritt community, so we love doing that, I think
6 that's an important part of affordable housing, is helping
7 families and working parents.

8 So anyway, I just wanted to say that I hope that
9 TDHCA does not penalize Midland and penalize this school
10 because Midland ISD accidentally sent the wrong report.

11 There's a date at the bottom when Elana printed
12 the report, it shows the date it's printed, but the front
13 page of the report shows the effective date of the report,
14 which was before February 28, so the report was in place
15 and conclusive.

16 MS. BINGHAM: Great. Thanks very much.

17 Let me see if anybody has any questions. Any
18 questions for Colby?

19 (No response.)

20 MS. BINGHAM: Okay. Thank you very much, Colby.
21 Renee, Cynthia Bast.

22 MS. NORRED: Yes. We are looking for her to
23 unmute her right now.

24 Cynthia, you should be unmuted.

25 MS. BAST: Thank you. Good morning to the Board

1 members. This is Cynthia Bast from Locke Lord,
2 representing the applicant for this appeal.

3 You've heard from Mr. Denison the difficulty in
4 obtaining the additional information that the rule would
5 like to see as one of the options for mitigation on this
6 school, but we did the very best that we could.

7 We took what we could get, and we believe that
8 we showed that with the very detailed plans that have
9 periodic performance measures and very clearly described
10 goals that both in the 2018-19 plan and the 2019-2020 plan,
11 if taken together and reviewed as a whole, you can see
12 progress and measurement of those goals.

13 I also want to reiterate what Mr. Denison said
14 about a second mitigating factor. The staff is focused on
15 the mitigating factor of a letter from a school district
16 official; however, the QAP does allow another mitigating
17 factor, which is the provision of after-school tutoring,
18 and Mr. Denison has offered to provide that.

19 I need to tell you that I intended to and was
20 supposed to put that in the response to the administrative
21 deficiency, and somehow I didn't get that in there, and I
22 take responsibility for that, but we did get it into the
23 appeal, and I would hate for Mr. Denison to not be
24 considered for this appeal for something that I technically
25 didn't get into the administrative deficiency. The fact is

1 that it's there.

2 And finally, I want to point you to subsection
3 (e) of the neighborhood risk factor rule, which says that
4 the Board can approve the eligibility of a development site
5 even if the application did not include mitigating
6 information if the Board finds that the risk factor is not
7 of such a nature that it should disqualify the development,
8 and there is support available for that conclusion.

9 First of all, only one school serving this
10 development site has a rating issue. As you heard, that
11 school has consistently Met Standard until the rating
12 system changed in 2019.

13 Campus improvement plans were presented showing
14 progress on stated goals, and now we are in a situation
15 where not only did we have a reticent ISD before, but now
16 it's very difficult to assess any school and to know where
17 that school will stand in 2020 when the development is
18 placed into service.

19 The applicant has volunteered to add onsite
20 after-school tutoring, as described to you and as described
21 under the rule, and the Midland community is facing
22 numerous challenges, and the loss of affordable housing
23 they need would add to that struggle.

24 So for all those reasons, I believe the rule
25 will allow you to accept this appeal and request that you

1 do so.

2 MS. BINGHAM: Thank you very much, Cynthia.

3 Any questions for Cynthia?

4 (No response.)

5 MS. BINGHAM: So Cynthia, the mitigation using
6 tutoring is in your letter. Right? It's in your letter to
7 Bobby, dated September 16?

8 MS. BAST: Yes. In the appeal it specifically
9 offers that mitigation.

10 MS. BINGHAM: Okay. All right. Thank you.

11 And I think we have Zachary Krochtengel also to
12 speak.

13 MS. NORRED: Yes, ma'am, we are finding him to
14 unmute him.

15 Zachary, you are unmuted. Can you hear us?

16 Zachary, you are self-muted. Can you please unmute?

17 MR. KROCHTENGEL: Yes, I am, I'm available. Can
18 you hear me?

19 MS. BINGHAM: Yes.

20 MR. KROCHTENGEL: Good morning, Board members.

21 You know, I heard Cynthia and Colby speak to
22 this issue, and one concept that I really think is
23 extremely important to discuss is that on March 1 the
24 department takes a snapshot of the application, including
25 the facts on the ground. This is an important concept,

1 because everyone here is competing and utilizing the same
2 publicly available information.

3 If we look at the application in question and
4 that snapshot on March 1, there are three key items:
5 There's a statement from the applicant that was not
6 responsive to mitigation and spoke to school capacity;
7 there was nothing in terms of a campus improvement plan
8 that I saw on their initial application; and there was
9 silence from anyone authorized to speak on behalf of the
10 Midland Independent School District.

11 Comparing this application's non-conforming
12 submittal to many packages that deal with neighborhood risk
13 factors that are voluminous, that have had a ton of work
14 put into them, and to allow this to serve as mitigation is
15 not a correct outcome.

16 Cynthia and Colby have both said that they could
17 have used other mitigation factors. Those mitigation
18 factors that are in the QAP are available for them to have
19 used on March 1. They chose to try and mitigate the school
20 ratings.

21 They did not have a complete school rating
22 mitigation package, so they could have offered that
23 tutoring on March 1, but they chose not to because that
24 costs money and that costs a lot in operations in allowing
25 that amenity to be available. They chose not to do that.

1 They also could have built a pre-K and funded a
2 pre-K on their site, they also chose not to do that on
3 March 1. They instead chose to turn in an incomplete
4 neighborhood mitigation package.

5 Now, those were available on March 1. You can't
6 come back afterwards and try and use any form of mitigation
7 because your first and cheapest option didn't work.

8 I think this sets a terrible precedent to allow
9 somebody to come back and try and mitigate in many
10 different ways the same problem that they had valid
11 mitigation available on March 1 in their application that
12 they chose not to utilize and chose not to go down that
13 avenue.

14 Further, I heard multiple people say that
15 Midland is in support of this deal and needs affordable
16 housing, and I agree that every municipality in the state
17 is in dire need of affordable housing. However, Midland
18 has had over 1,100 units of affordable housing funded since
19 2015 and over 500 units of affordable housing funded by
20 bond deals alone in 2020.

21 This is a deal that could have been done
22 correctly. I believe the mitigation was available before
23 the application deadline, and it was not taken advantage of
24 within the neighborhood mitigation package.

25 Thank you.

1 MS. BINGHAM: Great. Thank you very much,
2 Zachary.

3 Any questions for Zachary?

4 (No response.)

5 MS. BINGHAM: Okay. Colby, Renee is going to
6 open your mic. We kind of ran over a good bit on your
7 opening comments, so if you could just keep it brief.

8 MR. DENISON: Yes. Thank you.

9 One important thing that I want y'all to know is
10 that there are no other applications in this region, so if
11 we don't get the appeal, the money completely escapes
12 Midland and goes somewhere else.

13 And the reason for that is that I had a senior
14 property with a lot of market rate units that was in first
15 place that I withdrew in order for this one to fund in
16 order to meet the need for family housing. So I voluntary
17 withdrew a senior housing property which was the only other
18 standing application in order to get this affordable
19 housing for families, and so if this does not go, then
20 Midland is going to lose all the funding and it's going to
21 go somewhere else. And I just feel terrible about it
22 because I was trying to do this to get family housing where
23 it's most needed. Senior housing is not something that's
24 needed in Midland nearly as much as family.

25 MS. BINGHAM: Thank you. Thanks, Colby.

1 MS. THOMASON: Leslie, I have a question.

2 MS. BINGHAM: Yes, Ms. Thomason.

3 MS. THOMASON: Probably living closer to Midland
4 than any of the other Board members, I do recognize kind of
5 a boom-or-bust city and there is a shortage of affordable
6 housing.

7 What I am struggling with, I guess -- and maybe
8 Cynthia or Colby could answer this -- the point that was
9 brought up by Zachary. What was the reason for not
10 providing the information when the initial application was
11 submitted by that deadline?

12 MS. BINGHAM: Great. Renee, can you see if
13 Cynthia Bast is available?

14 MS. NORRED: Yes, ma'am. We are looking for her
15 right now.

16 Cynthia, you are unmuted.

17 MS. BAST: Hello. This is Cynthia Bast.

18 My understanding is that with regard to the
19 information from the school district itself as a mitigating
20 opportunity, that is something that the applicant had been
21 having conversations with the school district and was
22 unable to obtain. However, I don't know -- I was not
23 involved with and don't know how it was that the after-
24 school tutoring was not addressed in the application, so
25 I'd have to defer to Mr. Denison on that.

1 MS. BINGHAM: Ms. Thomason, did you want to hear
2 about the tutoring from Mr. Denison?

3 MS. THOMASON: Yes. And I would also -- I mean,
4 I know the shortage of teachers and professional
5 administration in that area and I would assume that may be
6 part of the challenge in getting that information would be
7 because of that shortage of people. But yes, I would like
8 to hear from Mr. Denison maybe the reason.

9 And I know Cynthia is saying that in response to
10 the administrative deficiency it was just an oversight, so
11 I think that's important to note as well because most
12 applicants have opportunity to provide that information
13 through administrative deficiency, and I know Cynthia said
14 that was just an oversight.

15 But yes, if Mr. Denison could speak to that, why
16 that wasn't offered in the initial application, I'm
17 interested in hearing that.

18 MS. BINGHAM: Great. Renee, can you see if
19 Colby is still available?

20 MS. NORRED: Yes, ma'am.

21 Colby, you are self-muted.

22 MR. DENISON: Yes. Can y'all hear me?

23 MS. BINGHAM: Yes.

24 MR. DENISON: So I would like to say that, first
25 of all, I believe this was an administrative error on our

1 part of not checking a box. You know, I don't know if you
2 have underwriting staff on, but this project is extremely
3 healthy financially and can easily support the additional
4 cost of tutoring or even providing a kindergarten.

5 I just would hate for, again, Midland -- for me
6 to have withdrawn a senior application to get this and for
7 me to not have checked the box. And additionally, despite
8 the fact that the development itself can afford to pay for
9 this, I would pay for this myself.

10 It's just I would hate for this application --
11 for Midland to lose affordable housing because I forgot to
12 check a box to say I would offer tutoring. And I think
13 underwriting, I don't think there's almost any deferred
14 developer fee on this project.

15 And the last thing, I don't know how much y'all
16 know about me, but we have developed 9 percent tax credit
17 housing since 2004, and we own and operate about 1,500 low
18 income housing tax credit units, and I've been doing this a
19 long time, and it's a little bit embarrassing to say that,
20 my gosh, I'm going to cost Midland affordable housing
21 because I didn't check a box.

22 So it has nothing to do with financials, it has
23 nothing to do with money, and it was just an administrative
24 error.

25 MS. BINGHAM: Thank you.

1 We're going to just wrap up real quickly.
2 Zachary wants to follow up on one item, and then we should
3 be ready to either talk to Marni or make a motion.

4 Renee, is Zachary available?

5 MR. KROCHTENGEL: I am.

6 Yeah, there is no box to check for that type of
7 mitigation. That has to be in your neighborhood risk
8 factors report. I want to point out that, once again,
9 neighborhood risk factor reports are massive reports that
10 people put together with care, with data, with lots of
11 different options to be put out there.

12 This application had one paragraph, that was it,
13 with school capacity data. A neighborhood risk factor
14 report, they had the option of putting in there tutoring,
15 they had the option of putting a pre-K, they didn't choose
16 to do that.

17 And yes, I agree, Mr. Denison did withdraw one
18 application to allow this application to move forward. His
19 initial application asked for \$800,000 in credits; this
20 application asks for \$1.3 million in credits. The initial
21 application had scored very high because it targeted lower
22 income individuals, this application does not because it
23 has no competition.

24 So yes, I agree that he did withdraw an
25 application to fund this next application, but this next

1 application does not meet a lot of the things that the
2 initial application did, and also the initial application
3 did not have any neighborhood risk factors. I just want
4 that to be kept in mind.

5 Thank you.

6 MS. BINGHAM: Thank you very much.

7 So Marni, anything, any loose ends that you can
8 wrap up for us?

9 MS. HOLLOWAY: No. I think that everyone has
10 presented their cases and their information. The offer to
11 provide tutoring was in the appeal letter. Again, this is
12 something that came up long after the application
13 submission deadline, so it's not something that we can
14 accept as the mitigation.

15 MS. BINGHAM: It's not something that you can
16 accept?

17 MS. HOLLOWAY: Correct. Because this proposal
18 is made long after the application submission date, we
19 can't accept it as mitigation. We needed to have proven
20 existence of the mitigation at the application date.

21 MS. BINGHAM: Okay. Thank you.

22 MR. VASQUEZ: Excuse me. Can I ask Marni one
23 more question?

24 MS. BINGHAM: Sure.

25 MR. VASQUEZ: In the QAP when we talked about

1 family and schools, remind me, was it not a two-year period
2 of failing to not meet standards that is the problem?

3 MS. HOLLOWAY: It's a two-year, like an F with
4 an Improvement Required the previous year is an ineligible
5 site, so it's just ineligible, cannot be mitigated. If
6 it's an F with a Met Standard the previous year, then they
7 can provide this mitigating information to show that the
8 school is improving.

9 MR. VASQUEZ: Which is the case in this
10 instance.

11 MS. HOLLOWAY: Yes.

12 MR. VASQUEZ: Okay.

13 MS. THOMASON: So the answer to the deficiency
14 wouldn't even have any bearing on this, you're saying, if
15 there was no mitigating information provided in the
16 application.

17 MS. HOLLOWAY: The administrative deficiency
18 provided the applicant an opportunity to give us
19 information that should have been included in the original
20 application, so it's documentation that existed prior to or
21 on the day of the application submission is what we can
22 accept for a deficiency.

23 MS. THOMASON: So Cynthia is saying that that
24 was just something that she inadvertently failed to provide
25 in the administrative deficiency response.

1 You're saying because that didn't exist at the
2 date of the application, it would not have even been
3 considered.

4 MS. HOLLOWAY: No.

5 MS. THOMASON: Okay. For one, I hate to see
6 this region not get funding, and I get it that it's not a
7 check box. I'm the least likely to be the gotcha person
8 that Leo is, I'm typically the rule follower, so this one
9 is difficult.

10 MS. BINGHAM: We have a recommendation from
11 staff to deny the appeal, looks like that was supported by
12 the letter from Marni and the director. We could comment
13 on the item or entertain a motion.

14 MS. THOMASON: I guess I will. I'll make the
15 motion to actually find this site eligible with the
16 tutoring being offered by Mr. Denison.

17 MS. BINGHAM: So maybe the motion is to approve
18 the applicant's appeal with the tutoring as the mitigation.

19 Is there a second?

20 MR. VASQUEZ: I'll second that.

21 MS. BINGHAM: So we have a motion and a second
22 to approve the applicant's appeal. Is there any further
23 discussion?

24 (No response.)

25 MS. BINGHAM: We'll call for a vote. All those

1 in favor aye.

2 (A chorus of ayes.)

3 MS. BINGHAM: Opposed?

4 (No response.)

5 MS. BINGHAM: Motion carries then to approve the
6 appeal. Thank you very much.

7 All right. I think that concludes the action
8 items on the agenda.

9 I believe we do have public comment today on
10 items that aren't on today's agenda, so we have Michael
11 Nichols in the queue and also Donna Rickenbacker.

12 MS. NORRED: Michael Nichols, you are self-
13 muted. If you can unmute yourself, you can now speak.

14 MR. NICHOLS: Thank you. This is Mike Nichols.
15 How are you doing? Can you hear me?

16 MS. BINGHAM: Mr. Nichols, yes.

17 MR. NICHOLS: I'm the CEO of a coalition for the
18 homeless in the Harris County, Fort Bend County, and also
19 for Montgomery County, which encompasses the City of
20 Houston.

21 The Texas Department of Housing and Community
22 Development has been urged by some Austin residents to
23 issue significant and harmful changes to the QAP for the
24 upcoming year.

25 The TDHCA is very, very important for those of

1 us who are in this space of housing highly vulnerable
2 people. The odd thing about this change, particularly this
3 particular change on page 15, is that it focuses solely on
4 supportive housing.

5 The draconian changes in the QAP would prohibit
6 supportive housing credit properties from housing
7 individuals with criminal backgrounds. The change would
8 severely and adversely impact the ability of -- let me make
9 sure I'm on the right thing again, I've lost it -- can you
10 hear me okay?

11 MR. WILKINSON: Yes.

12 MR. NICHOLS: -- would severely and negatively
13 impact the ability of the homeless response system across
14 the state to secure supportive housing for their clients,
15 which in turn would lead to increased recidivism and
16 increased homelessness.

17 This is concerning at any time but now
18 especially with the global pandemic it is especially
19 concerning. In Houston many people experiencing
20 homelessness have some kind of criminal records because
21 homeless individuals have more negative interactions with
22 police than housed populations and because many of these
23 individuals deal with substance and mental health abuse --
24 issues.

25 Further, the historic system in our criminal

1 justice means that people of color are further stigmatized
2 and harmed even when they have served their prison
3 sentence.

4 I just want to make a point here as CEO of the
5 coalition, since 2011 we have housed 19,000 people in
6 supportive housing. This represents a 53 percent decrease
7 in the overall homelessness since 2011, but progress would
8 not have been possible if these rules had been in place.

9 But I want to really focus the last minute of my
10 conversation on fiscal responsibility, and this is
11 important.

12 Providing supportive housing is far more
13 fiscally responsible than sending someone back to prison
14 and is also less expensive than allowing someone to remain
15 on the streets.

16 The annual cost of living unsheltered in Harris
17 County was recently estimated at \$91,000 per year. That's
18 taxpayer money to Harris County residents. In comparison,
19 the annual cost of providing supportive housing for someone
20 in Harris County is approximately \$18,000, and 100 percent
21 of that in our programs are funded through federal funds,
22 many through the state, many through the city, many through
23 the county, but they are not local taxpayer funds.

24 This fiscal responsibility is key, and the
25 change that you're making is fiscally irresponsible because

1 what it will do is increase the cost to the criminal
2 justice system, will increase the cost to local taxpayers.

3 I want to end up with one item that is on a
4 personal note. Sam Carr, who is my rabbi, who recently
5 passed away and helped found the coalition in 1984, told a
6 story every single Yom Kippur, the holiest day of the
7 Jewish New Year, and the story was about the land of second
8 chances.

9 A little boy stole something from his friend,
10 came home, and had a bad dream. The dream was that he was
11 on the highway with his mother, and they missed the exit
12 and they were pretty nervous about the next exit, and they
13 saw a sign: You've entered the land of no second chances.

14 He woke up, went to his mother, and told her
15 about the stolen toy. The mother said, "You're lucky you
16 live in the land of second chances; go to your friend and
17 apologize, and then you have a second chance."

18 The QAP is clearly saying that people who have
19 criminal records -- and we know the problems with the
20 criminal justice system, you know them and I know them, we
21 know about systemic racism, you know them and I know them.

22 Give these folks a second chance, let them have housing,
23 not leaving them on the street even temporarily if they're
24 chronically homeless. And I beg you from a fiscal
25 responsibility -- I'm a business guy, I'm not a politician,

1 I'm not a social worker --

2 MS. BINGHAM: Thank you, Mr. Nichols.

3 MR. NICHOLS: -- all I'm thinking about is
4 saving money for our taxpayers. Please, please, please,
5 put this away, postpone it, but don't hurt our system.
6 Houston has been successful. If you have a problem --

7 MS. BINGHAM: Mr. Nichols, Mr. Nichols, thank
8 you very much. Thank you so much for your comments. Thank
9 you.

10 Renee?

11 MS. NORRED: We're looking for Donna to unmute
12 here.

13 Donna, you are self-muted.

14 MS. RICKENBACKER: There we go. Can everybody
15 hear me?

16 MS. BINGHAM: Yes.

17 MS. RICKENBACKER: Hi. This is Donna
18 Rickenbacker. I wasn't planning on speaking, but after
19 this Merritt decision, I just thought it would be best to
20 give you all some thoughts on the 2021 QAP rules.

21 I would like to see us take a very close look at
22 these neighborhood risk factor provisions and see what we
23 can do to make whatever adjustments need to be made so that
24 we've got some consistency in the way those rules are
25 applied across all applications.

1 I put in several applications this last round,
2 two in particular, one that had a crime issue and the other
3 one that had a school issue.

4 The crime was just right over that 18 per 1,000
5 threshold, and the school itself had a good report that had
6 recently been issued. You know, TDHCA staff put me through
7 the wringer on both of those, and I was required to get
8 third-party blessing on both the crime and the school.

9 This was in March right during the COVID
10 epidemic here in Houston. And reaching to an HISD
11 superintendent to get a letter and then the crime with a
12 police officer, you know, that's above and beyond, and I
13 just think that it's very prudent to make sure that we take
14 a look at these packages.

15 We did the best we could to submit very
16 comprehensive packages on how we were mitigating both of
17 those risk factors, and I was still required to submit that
18 level of detailed third-party information.

19 So all I ask is we take a look at the 2021 and
20 we look at these rules and see what we can do to get some
21 consistency in the ways those rules are applied across all
22 applications.

23 Thank you very much.

24 MS. BINGHAM: Thank you, Donna.

25 And then last I think we have Elizabeth, Renee?

1 MS. NORRED: Yes, Elizabeth Roehm. Yes, we are
2 finding her to unmute her right now.

3 MS. BINGHAM: Thank you.

4 MS. NORRED: Elizabeth, you are unmuted.

5 MS. ROEHM: Thank you. Hello, Madam Chair and
6 members of the Board. I'm Elizabeth Roehm. I'm a staff
7 attorney at Texas Housers. I've spoken with you before in
8 this way, and at Texas Housers, as you know, we're longtime
9 advocates of the interests of tenants in LIHTC housing, and
10 I just want to give some verbal comments that the Board and
11 staff consider the written and others have submitted on the
12 2021 QAP, so first I just want to put forward a few guiding
13 principles to keep in mind as you revise the draft.

14 The QAP essentially chooses for low-income
15 tenants where they will be able to access housing, and as
16 the most significant source of affordable housing in Texas,
17 LIHTC must be utilized in a way that strives to reverse
18 past practices of racial residential segregation and
19 discrimination that affects our neighborhoods and our
20 schools. So we had a lot of conversation about schools
21 today, which makes all of this even more apt that's coming
22 up in the staff draft this year.

23 In crafting the QAP year to year we need to care
24 about where people would choose to live near good schools,
25 in low-poverty areas with easy access to grocery stores for

1 heathy foods. And without a strong incentive to build in
2 high-opportunity, high-income areas, as you know, LIHTC
3 development will gravitate towards low-opportunity and low-
4 income areas for financial reasons.

5 Lastly, proximity to high-performing schools is
6 a central aspect of high-opportunity areas for families.
7 So for the benefit of tenants, we should speak plainly
8 about what we are doing and what effects the QAP has on
9 where LIHTC is built.

10 So keeping these principles in mind, I'd like to
11 highlight quickly a few of Texas Housers' most urgent
12 priorities on the 2021 QAP staff draft. Obviously we wrote
13 extensively about this in our written comments but would
14 like to share this verbally as well.

15 So first, in the opportunity index we strongly
16 oppose the proposal to increase distances to most
17 amenities. I want to point out that in the urban areas it
18 doubles the distance available to grocery stores,
19 pharmacies, libraries, rec centers, these important places,
20 and they go from one mile to two miles, which really is
21 significant. That's about a 20-minute walk versus a 40-
22 minute walk which for families, people in wheelchairs, it's
23 really going to affect their ability to access those places
24 and put them out of reach.

25 Secondly, with regard to opportunity index,

1 increasing the distances would reduce competition in this
2 area where in reality the QAP would do better to increase
3 competition and make those seven points more competitive.

4 And we believe it will only move the competition
5 for those cheapest, maximum scoring sites to areas of lower
6 opportunity than where they were before, so it won't really
7 be resolving any problems for developers with competition
8 that perhaps designed to affect.

9 Secondly, the staff draft proposes removing the
10 requirement for mitigation for low-performing schools as
11 the neighborhood risk factor. We strongly oppose this and
12 believe that to keep in line with the spirit of the 2020
13 QAP it makes much more sense to prohibit building near
14 those schools if the staff and Board believe that
15 mitigation is not available.

16 We do believe that the mitigation is a
17 completely reasonable ask for 2021 applicants. You know,
18 things like tutoring two years in the future, improvement
19 plans, things like that completely still make sense.

20 I'm sorry; I know I'm out of time. If I can
21 have like 30 more seconds?

22 MS. BINGHAM: Yes. Please wrap up.

23 MS. ROEHM: Okay. I just want to point out with
24 those low-performing schools Improvement Required sounds
25 kind of benign, but the scores relating to neighborhood

1 risk factor status in 2018, only 4 percent of campuses
2 received -- in the whole state only 4 percent of campuses
3 received Improvement Required ratings.

4 The F and D ratings are also rare. In 2019
5 fewer than 5 percent of campuses received an F rating and
6 8.5 percent received a D rating. So we're really allowing
7 building near these like abysmal schools that there are so
8 many places that this building could occur.

9 Lastly, I won't go into detail; I just want to
10 put out there that we strongly urge the Board to strike
11 entirely the proposal to add specific criminal screening
12 criteria for reasons of racial inequality, as well as many
13 of the reasons put forth by the -- so sorry, I've lost his
14 name, but the CEO from Houston moments ago.

15 So thank you so much for all your work on the
16 2021 staff draft, and all of your work today and moving
17 forward.

18 MS. BINGHAM: Great. Thank you so much for your
19 comments, Elizabeth.

20 So we are at the end of the agenda, and there
21 aren't any more commenters in the queue. Is there anything
22 else from staff or Board members?

23 MR. WILKINSON: Next month we have the QAP
24 coming back from the Register, and we'll have the comments
25 and reasoned response and it will be finalized.

1 MS. BINGHAM: Okay, Bobby. Great. Thank you
2 very much.

3 Thank everybody for their time this morning, and
4 if there's no further business, we'll entertain a motion
5 for adjournment.

6 MR. BRADEN: So moved.

7 MS. BINGHAM: Mr. Braden motions. And is there
8 a second?

9 MR. VASQUEZ: Second.

10 MS. BINGHAM: Mr. Astros seconds. Great. All
11 those in favor aye.

12 (A chorus of ayes.)

13 MS. BINGHAM: Thank you guys very much. Meeting
14 is adjourned.

15 (Whereupon, at 10:58 a.m., the meeting was
16 adjourned.)

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C E R T I F I C A T E

MEETING OF: TDHCA Board
LOCATION: via GoToWebinar
DATE: October 8, 2020

I do hereby certify that the foregoing pages, numbers 1 through 8788, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Housing and Community Affairs.

DATE: October 14, 2020

(Transcriber)

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7703 N. Lamar Blvd., #515
Austin, Texas 78752